



ENERGY ASSURANCE DAILY

Friday Evening, September 26, 2008

Major Developments

More Than 415,000 Customers Remain Without Power in Texas, Two Weeks after Hurricane Ike Made Landfall

As of 3:00 PM September 26, an estimated 415,244 customers remained without power in Texas, according to latest utility reports. Approximately 7.7 million customers lost power when Hurricane Ike slammed into the Gulf Coast and then cut across the United States, damaging power systems as far north as New York. Many customers have been without power for two weeks. On the morning of September 26, only 950 DP&L customers remained without power in Ohio.

Hurricane Ike Customer Power Outages September 12 – September 25			
Electric Utility	State	Peak	Latest Reported
CenterPoint Energy	TX	2,100,000	397,532
Sam Houston Electric Coop	TX	58,191	8,949
Texas-New Mexico Power Company	TX	113,247	8,763
TOTAL*		7,680,943**	415,244

*Total outages only represent electric utilities listed in this table.

** The peak includes outages not in this table. Many affected utilities have reported full restorations.

DP&L: <http://www.dpandl.com/restorationupdate.php>

CenterPoint Energy: <http://www.centerpointenergy.com/staticfiles/ike/outages.html>

Entergy: <http://www.entergy-texas.com/your%5Fhome/storm%5Fcenter/>

Sam Houston Electric Coop: <http://www.puc.state.tx.us/webapp/public/apps/emr/ByCountyCompany.aspx>

TXNM Power Company: <http://www.pnm.com/ttmp/ike-outage.htm>

Majority of Oil & Gas Production in Gulf of Mexico Remains Shut-in as Restoration Process Continues September 26

As of September 26, the Minerals Management Service (MMS) reports 3,909 million cubic feet per day (MMcf/d) of the Gulf's natural gas production remains shut-in, equivalent to 52.8 percent of the Gulf production. MMS reports 746,459 barrels/day of the Gulf's crude production remains shut-in, equivalent to 57.4 percent of the Gulf's crude production. Separately, Shell President Marvin Odum said September 26 that he expects the company to restore the vast majority of its oil production in the Gulf of Mexico within the next two weeks. The company is currently pumping about 39,000 b/d of its normal 350,000 b/d of production.

<http://www.mms.gov/ooc/press/2008/press0926.htm>

Reuters, 12:50 September 26, 2008

Southeast Experiencing Gasoline Shortages as Gulf Refining Capacity Recovers

U.S. gasoline inventories have fallen to the lowest level since 1967 due to continued impacts to refineries from Hurricanes Gustav and Ike. The drop in fuel stocks has caused long lines and gasoline shortages at retail service stations in many southern cities and towns, including Atlanta, Memphis, and Charlotte, which rely on the Colonial and Plantation pipelines from the Gulf Coast for most of their gasoline supply. According to AAA, half of the gas stations in Atlanta are closed.

<http://www.reuters.com/article/domesticNews/idUSTRE48N85320080925?pageNumber=1&virtualBrandChannel=0>

http://www.wnct.com/nct/news/state_regional/article/gas_shortage_continues_in_nc_2_weeks_after_ike/19735/

<http://www.washingtonpost.com/wp-dyn/content/story/2008/09/26/ST2008092600422.html>

Valero's 289,000 b/d Port Arthur, Texas Refinery Restarts September 25 Three Refineries Remain Down in Gulf Coast Area September 26

Three refineries remain shut down as of 10 AM EDT September 26 in Beaumont, Port Arthur and Texas City, Texas, with a total operable capacity of 0.7 million b/d. Companies reported various stages of progress in restoration efforts, related to Hurricane Ike:

- **Valero's 289,000 b/d Port Arthur, Texas refinery** restarted on September 25.
- **Total's 232,000 b/d Port Arthur, Texas refinery** has regained power and is planning to restart, a refinery spokesman for the said September 26.
- An ultraformer unit is restarting at **BP's 467,000 b/d Texas City, Texas refinery** according to a filing with Texas regulators.
- **ConocoPhillips's 247,000 b/d Sweeny, Texas refinery** completed restart and began operating at reduced rates by September 26. It is the last to regain power after Hurricane Ike.
- **Valero's 87,400 b/d Ardmore, Oklahoma refinery** and its **93,000 b/d Three Rivers, Texas refinery** were "essentially" at planned rates as of September 26 after being at reduced rates due to Hurricane Ike, according to a company spokesman.
- At 10:00 AM EDT September 26, **Shell** issued a statement it would defer turnaround maintenance activities planned for third quarter 2008 at some Shell and Motiva refineries in the Gulf Coast.

http://www.oe.netl.doe.gov/docs/2008_SitRep_19_Ike_092608_12PM.pdf

http://www.shell.us/home/content/usa/aboutshell/media_center/hurricane_center/storm_updates/2008/ike/ike_53_092608.html

<http://www.chron.com/dispatch/story/mpl/business/6023872.html#>

Reuters, 11:12 September 26, 2008

Reuters, 08:11 September 26, 2008

Gulf Natural Gas Pipeline Systems Release Status Updates September 25-26

As of 10:30 AM EDT September 26, seven major natural gas pipelines in the Gulf Coast area continue to report complete shut-in of their systems. Four of the seven pipelines have notified their customers that the pipeline is ready to return to service; however, due to continued assessments of damage to interconnecting facilities and/or lack of upstream gas flow, these pipelines remain completely shut-in. The other three pipelines have reported that the repairs to the damaged facilities are ongoing and the integrity of the line is being verified. At this time there is no time frame of restoration of service for these pipelines.

- **ANR Pipeline Co.** reported on September 26 that ANR's Southeast Area operation conditions are improving resulting in additional points and services being cleared to flow gas. The Cameron Meadows lateral segment remains shut-in. Inspections continue on both offshore and onshore facilities.
- **Enbridge (UTOS)** reported on September 25 that all UTOS facilities remain under Force Majeure and are currently down and all points are shut-in. Crews are currently at the UTOS Station 44 clearing mud and debris and are assessing the damage. There is no time frame for restoration of service at this time.
- **Enterprise Product Partners** reported on September 26 that it has discovered that a 42-inch diameter segment of pipe that is part of the High Island Offshore System (HIOS), which transports natural gas from various producing fields in the western Gulf of Mexico, has been severed. As a result, natural gas volumes into the system are limited to certain receipt points upstream of the break and require third party pipeline systems for delivery to onshore facilities.
- **Garden Banks Gas Pipeline** reported on September 25 that Garden Banks' pipeline facilities are essentially ready for return to service; however, the pipeline remains shut-in because there is no current availability of downstream outlets for condensate, which includes interconnects with ANR, Tennessee, Transco, and Sea Robin all of which are unavailable.
- **Stingray Pipeline Co.** reported on September 25 that Force Majeure remains in effect and all receipt points remain shut-in. Crews are onsite and assessing damage and conducting integrity checks. No time frame for restoration of service at this time.
- **Tennessee Gas Pipeline** reported on September 25 that all points upstream of the Grand Chenier gas processing plant are cleared to commence gas flow. The East Leg of the Bluewater System can commence gas flow.
- **Texas Eastern Transmission** reported on September 26 that TE estimates that producers have shut-in 400-500 MMcf/d of supply on its system. Damage assessments continue on facilities impacted by Gustav and Ike. Receipt points along the Cameron System and South Pass line remain at zero flow. Several compressor stations continue to run on backup generators as commercial power is unavailable.

http://www.oe.netl.doe.gov/docs/2008_SitRep_19_Ike_092608_12PM.pdf

<http://phx.corporate-ir.net/phoenix.zhtml?c=80547&p=irol-newsArticle&ID=1202668&highlight=>

Update: TVA's 1,125 MW Watts Bar Nuke Unit 1 in Tennessee Ramped Up to 81 Percent by September 26

The Nuclear Regulatory Commission reported that on the morning of September 25 the unit was operating at 30 percent. The unit shut on Sept. 20 after a worker came into contact with a latch on a circuit breaker, causing the breaker to open and the reactor to trip off-line.

Information derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2008/>

Reuters, 07:51 September 26, 2008

Entergy's 966 MW River Bend Nuke Unit 1 in Louisiana Reduced to 65 Percent by September 26

The unit, which was restarted following a shutdown due to Hurricane Ike, was operating at 92 percent of capacity on the morning of September 25.

Information derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2008/>

Reuters, 08:08 September 26, 2008

Update: SCE's 1,070 MW San Onofre Nuke Unit 2 in California Ramped Up to 99 Percent by September 26

The Nuclear Regulatory Commission reported that on the morning of September 25 the unit was operating at 65 percent.

Information derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2008/>

AES's 225 MW Huntington Beach Gas-fired Unit 3 in California Shut by September 25

According to the California Independent System Operator, the unit experienced an unplanned outage by September 25.

<http://www.caiso.com/unitstatus/data/unitstatus200809251515.html>

AES's 179 MW Redondo Gas-fired Unit 5 in California Reduced by September 25

According to the California Independent System Operator, the unit experienced an unplanned curtailment of 129 MW by September 25.

<http://www.caiso.com/unitstatus/data/unitstatus200809251515.html>

Entergy Files Application for Construction Permit/Operating License for New Reactor at River Bend Nuclear Plant

The combined construction and operating license application, filed with the Nuclear Regulatory Commission on September 25, seeks authorization for an additional nuclear reactor at the current site of Entergy's River Bend Station. The new reactor would have a capacity of 1,520 MW.

http://www.entergy.com/news_room/newsrelease.aspx?NR_ID=1318

<http://www.platts.com/Nuclear/News/6965906.xml?p=Nuclear/News&sub=Nuclear>

Petroleum

FCCU Restarts, Returns to Planned Rates at Alon's 70,000 b/d Big Spring, Texas Refinery

Alon USA Energy, Inc. announced September 26 that it has restarted its 24,000 b/d Fluid Catalytic Cracking Unit (FCCU) at its refinery in Big Spring, Texas. The FCCU, damaged in a fire on February 18 of this year, is operating at planned rates and will enable the refinery to return to its 70,000 b/d operating capacity.

<http://www.marketwatch.com/news/story/alon-usa-announces-restart-big/story.aspx?guid=%7B037FD320-B6AA-400D-A19C-0AEF35547F98%7D&dist=hppr>

Natural Gas

Emergency Shutdown Activated at Salt Creek Natural Gas Processing Plant in Texas September 25

According to a filing with Texas regulators the plant's emergency shutdown was activated during normal operations because of a blown fuse on a line that feeds power to the plant's emergency shutdown system.

<http://www11.tceq.state.tx.us/oce/eei/index.cfm?fuseaction=main.getDetails&target=114593>

Other News

Oil Shale Leasing Ban to Expire September 29

Oil shale production on federal lands in the West will be allowed to move forward starting September 29 after Congress failed to re-enact a ban on finalizing a leasing program. But some Democrats warned September 24 they may replace moratoriums as soon as Congress reconvenes in January.

http://www.sltrib.com/news/ci_10554132

Energy Prices

U.S. Oil and Gas Prices September 26, 2008			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	107.93	100.69	80.31
NATURAL GAS Henry Hub \$/Million Btu	7.63	8.11	6.54

Source: Reuters

Energy Notes

Texas PUC Bans Electric Service Disconnections for Hurricane Ike Victims until October 10

<http://www.kwtx.com/home/headlines/29761709.html>

Links

This Week in Petroleum from the Energy Information Administration (EIA)

<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

Weekly Petroleum Status Report from EIA

http://www.eia.doe.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html

Updated after 10:30 AM & 1:00 PM EST every Wednesday.

Natural Gas Weekly Update from EIA

<http://tonto.eia.doe.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM EST every Thursday.

ENERGY ASSURANCE DAILY

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<http://www.oe.netl.doe.gov/ead.aspx>

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